



Keeping the flame alive with emission revenues

How the EU Modernisation Fund
props up fossil gas and waste incineration



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Summary

This report evaluates the EU Modernisation Fund and its role in supporting the energy transition in lower-income EU Member States. Launched to help these countries move away from fossil fuels, the Fund has disbursed over EUR 15 billion since 2021.

Despite a lack of transparency on some of the schemes supported by the Fund, the analysis reveals that a significant portion of the Fund's revenues from emissions allowances—between 27 and 44 per cent—has been disbursed to investments misaligned with the EU's climate, environmental and energy goals, including fossil gas and waste incineration. Funding for harmful technologies amounted to between EUR 4.2 billion and EUR 6.8 billion between 2021 and the end of 2024.

Furthermore, while 'priority' areas like renewables, energy grids, and energy efficiency receive support, the Fund's overall impact has been underwhelming. This is largely due to a lack of Member State capacity to plan and propose solutions for genuinely modern energy systems, combined with funding criteria that fail to penalise this shortfall and continue to allow polluting and outdated technologies to slip through.

The report also highlights stark disparities between countries and technologies in fund allocation and a lack of support for critical areas like energy communities and just transition of carbon-intensive regions.

To address these issues, the report recommends halting fossil gas, waste incineration and biomass financing, redirecting these funds towards energy efficiency and sustainable forms of renewable energy, and providing technical support to underperforming Member States, all while improving the Fund's operational transparency.

Introduction

The Modernisation Fund is an EU financing programme outside the so-called ‘EU budget’, or Multiannual Financial Framework. Established under the EU Emissions Trading System (ETS), the Fund’s aim is to modernise energy systems and improve energy efficiency in lower-income EU Member States. It is operating from 2021 to 2030 and is financed through revenues from the auctioning of emission allowances under the ETS. The total size of the Fund is expected to reach EUR 57 billion by 2030.¹ Initially, it supported ten central and eastern EU Member States,² but following the 2023 revision of the ETS Directive, its scope expanded to include Greece, Portugal and Slovenia as beneficiaries, bringing the total to thirteen.³

The Fund’s legal framework includes the ETS Directive⁴ (notably Article 10d and Article 10) and the Implementing Regulation on the Modernisation Fund.⁵ In addition, the European Investment Bank (EIB), in consultation with the European Commission, has published an Assessment Guidance Document.⁶ The ETS Directive and Implementing Regulation were last amended in 2023, both applying from 2024. Changes include the addition of new beneficiaries, revised funding streams, adjustments to the definition of ‘priority’ investment areas, new conditions for fossil fuel financing, and some transparency improvements.

Investments financed by the Fund must be consistent with the aims of the ETS Directive,⁷ the European Green Deal communication,⁸ European Climate Law⁹ and the long-term objectives under the Paris Agreement. This includes the binding EU target of a 55 per cent reduction in greenhouse gas emissions by 2030 and climate neutrality by 2050. However, in clear contradiction with these stated goals,¹⁰ even since the revision in 2023, the amended ETS Directive regrettably still allows fossil gas financing,¹¹ although some

¹ Assuming the price of emission allowances is EUR 75/tCO₂.

² Bulgaria, Czechia, Croatia, Estonia, Hungary, Lithuania, Latvia, Poland, Romania, and Slovakia.

³ 13 Member States with a GDP per capita below 75 per cent of the Union average from 2016 to 2018.

⁴ European Parliament and the Council, [Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC \(Text with EEA relevance\)](#), consolidated version, *European Parliament and the Council*, 13 October 2003.

⁵ European Commission, [Commission Implementing Regulation \(EU\) 2020/1001 of 9 July 2020 laying down detailed rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards the operation of the Modernisation Fund supporting investments to modernise the energy systems and to improve energy efficiency of certain Member States.](#), consolidated version, *European Commission*, 9 July 2020.

⁶ European Investment Bank, [Modernisation Fund - Accelerating the transition to climate neutrality](#), *European Investment Bank*, 12 July 2024.

⁷ EU ETS Directive, Article 1.

⁸ European Commission, [Communication on The European Green Deal](#), *European Commission*, 11 December 2019.

⁹ European Parliament and the Council, [Regulation \(EU\) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations \(EC\) No 401/2009 and \(EU\) 2018/1999 \(‘European Climate Law’\)](#), *European Parliament and the Council*, 30 June 2021..

¹⁰ CEE Bankwatch Network, [Paris alignment: why there is no more space for European public money to finance fossil fuels](#), *CEE Bankwatch Network*, December 2023.

¹¹ EU ETS Directive, Article 10d(1) subparagraph 2, third sentence ‘No support from the Modernisation Fund shall be provided to energy generation facilities that use fossil fuels.’ This general rule is immediately watered down within the same subparagraph, with exceptions outlined in Article 10d(1), subparagraph 2, last sentence, and subparagraph.

additional conditions have been introduced.¹² Additionally, current rules allow funding for waste incineration with heat recovery—which also involves burning large amounts of oil-based plastics as well as gas and diesel as auxiliary fuels—and biomass burning for energy.^{13,14}

The Fund is managed by the European Commission (DG CLIMA), the European Investment Bank, an Investment Committee composed of representatives from beneficiary Member States,¹⁵ and by the beneficiary Member States who implement the Fund nationally and submit investment proposals for approval. The EIB assesses all investments, determines whether ‘priority’ status is justified (see below), and conducts financial and technical due diligence for ‘non-priority’ projects, including an assessment of the expected emission reductions. The Commission makes the final disbursement decision based on the EIB’s confirmation of priority status or Investment Committee recommendations for non-priority investments.

Since 2024, the Modernisation Fund has been composed of three funding sources:

- Revenues from auctioning two per cent of total ETS allowances between 2021 to 2030, available to the original 10 Member States;¹⁶
- Revenues from auctioning an additional 2.5 per cent of allowances between 2024 and 2030, now accessible to all 13 beneficiary countries^{17,18} and
- Voluntary transfers of allowances by beneficiary Member States from their national allocations to their Modernisation Fund envelope (free allocations and solidarity allowances).¹⁹

Only six Member States have used the possibility to transfer additional allowances to their Modernisation fund resources: Romania, Czechia, Slovakia, Lithuania, Croatia, and Hungary.²⁰ For Romania, Czechia and Slovakia, these transfers are substantial, amounting to EUR 10.77 billion, EUR 9.69 billion, and EUR 2.26 billion respectively,²¹ and represent more than half of the total Modernisation Fund resources available to these countries. This is important because transferred allowances are exempt from the fossil gas conditions

¹² Coal was finally excluded from financing under the Modernisation Fund following the 2023 revision of the ETS Directive. Under the previous framework, an exception existed for Bulgaria and Romania, allowing support for ‘efficient and sustainable district heating’ using solid fossil fuels. Fortunately, neither country made use of this option.

¹³ CEE Bankwatch Network, [Unmasking the biomass dilemma in Serbia and Bosnia and Herzegovina](#), CEE Bankwatch Network, January 2025

¹⁴ Scientist letter to Biden, von der Leyen, Michel, Suga & Moon regarding Forest Biomass, [Letter regarding use of forest for bioenergy](#), 11 February 2021.

¹⁵ The [Investment Committee](#) is composed of 13 representatives, one per beneficiary Member State, three representatives from non-beneficiary Member States, elected by all non-beneficiary Member States (currently: Germany, the Netherlands and Sweden), one representative from the European Commission (chair) and one representative from the European Investment Bank.

¹⁶ EU ETS Directive, Article 10(1) third subparagraph.

¹⁷ *Ibid.*, Article 10(1) fourth subparagraph.

¹⁸ See the EU ETS Directive, Annex IIb for the distribution of allowances per each Member State. According to Annex IIb, the largest beneficiaries are Poland, receiving 43.41 per cent and 34.2 per cent respectively; Czechia, receiving 15.59 per cent and 12.6 per cent; and Romania, receiving 11.98 per cent and 9.8 per cent.

¹⁹ EU ETS Directive, Article 10d(4)

²⁰ European Commission, [Modernisation Fund – How it works](#), undated.

²¹ Per Bankwatch calculation, these transfers amount for Lithuania to EUR 561 million, Croatia EUR 385 million, and Hungary EUR 300 million. An estimation based on the price of emission allowances of EUR 75 per tonne of CO₂.

applying to the ‘two per cent’ and ‘2.5 per cent’ funds and may be used almost without conditions for so-called ‘investments involving gaseous fossil fuels.’^{22,23}

The Fund distinguishes between ‘priority’ and ‘non-priority’ investments. The bulk of revenues (80 to 90 per cent, depending on the source category) must support priority investments, which include the following areas:²⁴

- the generation and use of electricity from renewable sources, including renewable hydrogen;
- heating and cooling from renewable sources;
- the reduction of overall energy use through improvement of energy efficiency, including in industry, transport, buildings, agriculture and waste;
- energy storage and the modernisation of energy networks, including demand-side management, district heating pipelines, grids for electricity transmission and the increase of interconnections between Member States and infrastructure for zero-emission mobility;
- support for low-income households, including in rural and remote areas, to address energy poverty and to modernise their heating systems;
- just transition in carbon-intensive regions, so as to support the redeployment, re-skilling and up-skilling of workers, education, job-seeking initiatives and start-ups, in dialogue with civil society and the social partners, in a manner that is consistent with and contributes to the relevant actions included by the Member States in their territorial just transition plans.

Priority investments can receive up to 100 per cent of the funding needed. Non-priority investments are eligible for up to 70 per cent coverage from the Fund (with the remaining 30 per cent to be co-financed by private legal entities) and can account for a maximum of 10–20 per cent of revenues depending on the funding source.

Limited conditions apply to non-priority investments. They are defined as ‘investment proposals that do not fall under one of the priority areas’. Still, they must align with the Fund’s general aims, mentioned above, and demonstrate some greenhouse gas (GHG) emissions reductions—though no threshold of significance in emissions reduction has been set.²⁵ In reality, non-priority investments have ranged from fossil fuel

²² EU ETS Directive, Article 10d(1), second subparagraph.

²³ There is no obligation to front-load auctioning of allowances for fossil gas investments before 2027 and 2028 respectively, as with the other sources of Modernisation Fund revenue. In addition, such investments are not required to meet the (weak) EU Taxonomy criteria (applying from 2025 for Modernisation Fund investments), nor they have to be justified on the grounds of ensuring energy security.

²⁴ The priority areas were slightly revised with the ETS Directive revision in 2023, and the share of revenues going to priority investments was increased from 70 per cent to 80 to 90 per cent depending on the revenue source (original two per cent or new 2.5 per cent). Before 2024, they consisted of the generation and use of electricity from renewable sources; improvement of energy efficiency, except energy efficiency relating to energy generation using solid fossil fuels; energy storage and modernisation of energy networks, including district heating pipelines; grids for electricity transmission and the increase of interconnections between Member States, as well as support for a just transition in carbon-intensive regions in the beneficiary Member States, so as to support the redeployment, re-skilling and up-skilling of workers, education, job-seeking initiatives and start-ups, in dialogue with the social partners. Investments in energy efficiency in transport, buildings, agriculture and waste were also eligible.

²⁵ EU ETS Directive, Article 10(d), subparagraph 6.

projects such as gas pipelines in Romania to renewable support schemes such as one for residential heat pumps in Poland.

This report evaluates the Modernisation Fund's financing decisions between 2021 and 2024 to assess whether it is truly benefiting Member States in modernising their energy systems and transitioning towards climate neutrality.

The report is structured as follows:

- The first section presents an analysis of funding allocations between 2021 and 2024 across beneficiary Member States, together with their absorption so far.
- The second section examines harmful investment trends and missed opportunities and discusses cross-cutting issues such as fossil gas financing, waste incineration, and the underutilization of some priority areas. It also takes a brief look at non-priority investments.
- The third section provides conclusions and recommendations to realign the Fund with its climate objectives, including urgent steps to phase out support for fossil fuels, waste incineration and primary forest biomass.
- Annex 1 explains the report's methodology and Annex two includes a list of the projects financed.

Despite the Fund's stated objective of accelerating the energy transition in lower-income EU Member States, our analysis reveals serious inconsistencies between its goals and its actual disbursements. Too much of the funding has been directed toward investments that are clearly misaligned with the EU's climate, environmental and energy targets, including fossil fuel infrastructure and waste incineration, raising concerns about the Fund's effectiveness and integrity.

While the Fund remains a crucial mechanism, especially for countries with limited budgets, it is currently falling short of its potential. Key areas like industry modernisation, decentralized energy systems, clean heating solutions, and just transition support remain underfunded, while outdated or harmful technologies continue to receive public money. Instead of helping countries leapfrog to clean technologies, the Fund risks reinforcing dependence on polluting energy systems.

Who’s getting the money? Disbursement trends and absorption progress

Table 1: Breakdown of Modernisation Fund disbursements 2021 to 2024 by country

Beneficiary	Disbursed amount (in EUR)
Bulgaria	261,814,489
Czechia	4,790,998,436
Estonia	237,540,900
Croatia	261,958,738
Hungary	310,414,285
Lithuania	309,000,000
Latvia	31,800,000
Poland	2,943,115,555
Romania	5,539,148,904
Slovenia	29, 522,515
Slovakia	732,670,000
Total	15,447,983,822

Until the end of 2024, most of the Modernisation Fund financing had gone to three countries: Romania, Czechia and Poland. They collectively received EUR 13.3 billion, or about 89 per cent of the total funding disbursed. The remaining EUR 2.1 billion was disbursed to eight other countries.

In its first four years of operation, EUR 15.4 billion was disbursed to beneficiary Member States, or 27 per cent of the estimated total amount available. Depending on the price of EU ETS allowances, the Modernisation Fund’s revenues may amount to more than EUR 56 billion altogether by 2030.

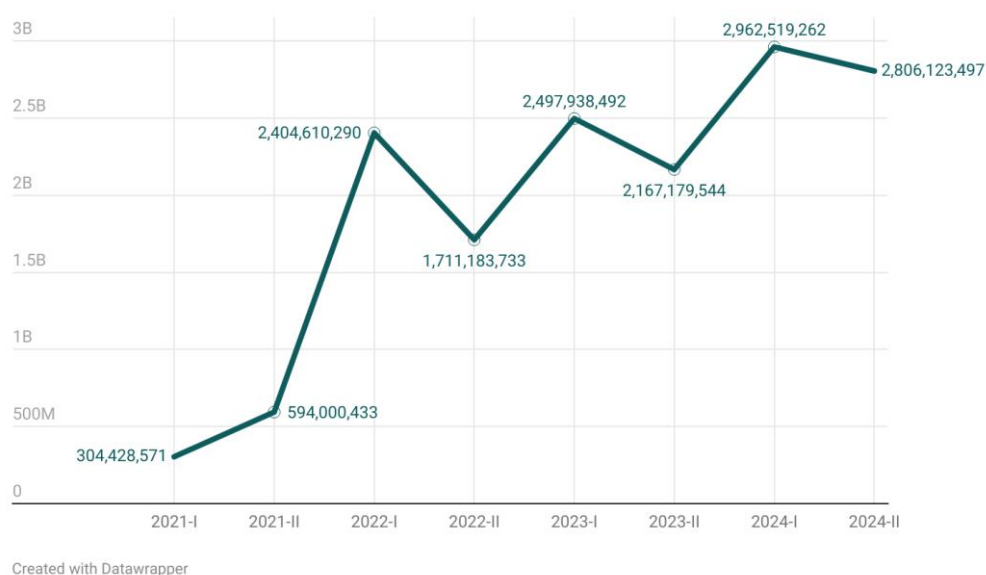
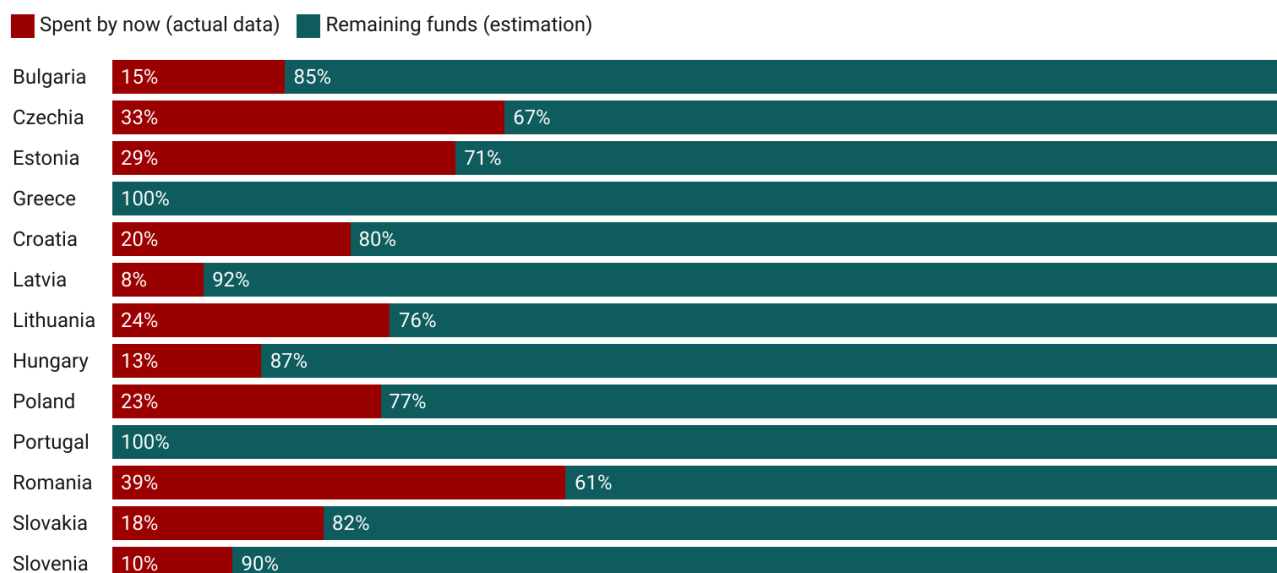


Figure 1: Total amount disbursed per round 2021-2024 (in EUR)

Member States are starting to pick up the pace with the use of their Modernisation Fund allocations. In its first year of operation (2021) the disbursed amounts for all countries recipients did not exceed EUR 1 billion (EUR 898 million). However, already in its second year (2022) the Fund disbursed over EUR 4 billion (EUR 4.1 billion), followed by EUR 4.7 billion and EUR 5.8 billion in 2023 and 2024 respectively.



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Figure 2: Absorption progress per country by the end of 2024 and remaining funds until 2030

Table 2: Absorption progress per country by the end of 2024 and remaining funds until 2030²⁶

Beneficiary	Disbursed so far (in EUR, actual data)	Total funding available (in EUR, estimate)
Bulgaria	261,814,489	1,782,878,025
Czechia	4,790,998,436	14,386,014,675
Estonia	237,540,900	815,145,825
Greece	0	1,457,353,725
Croatia	261,958,738	1,296,319,200
Latvia	31,800,000	409,569,300
Lithuania	309,000,000	1,309,069,125
Hungary	310,414,285	2,448,542,850
Poland	2,943,115,555	12,931,793,400
Portugal	0	1,240,915,050
Romania	5,539,148,904	14,377,940,700
Slovakia	732,670,000	4,082,230,050
Slovenia	29,522,515	288,584,925
Total	15,447,983,822	56,826,356,850

²⁶ The table does not distinguish between the various sources of Modernisation Fund revenues and includes voluntary transfers.

By 2025, Romania (38 per cent), Czechia (33 per cent) and Estonia (29 per cent) exhibited the highest absorption rates among the beneficiary Member States. While it is too early to assess the absorption progress from new beneficiaries, since the Fund has only applied to them since 2024, for now only Slovenia has received any funding for its investments.

Our calculation of the total funding available to each country by 2030, including the two per cent and 2.5 per cent revenues, as well as voluntary transfers, shows that Romania, Czechia, and Poland will remain the Fund’s largest beneficiaries. However, the composition of their remaining funds differs considerably.

While Poland has yet to access a large share of its two per cent and 2.5 per cent allocations, the remaining funds for Romania and Czechia are primarily driven by substantial voluntary transfers to the Modernisation Fund, totalling EUR 10.77 billion and EUR 9.69 billion, respectively. In contrast, Poland has not made any voluntary contributions to the Fund.

It might prove difficult to disburse over EUR 41 billion in the next six years even if the current increasing absorption trend is maintained, assuming the Fund is kept running only up to 2030. This is even without considering that some of the funding disbursed for schemes still needs to be allocated to specific projects on the national level, which could be challenging for the managing authorities.

How is the money being spent?

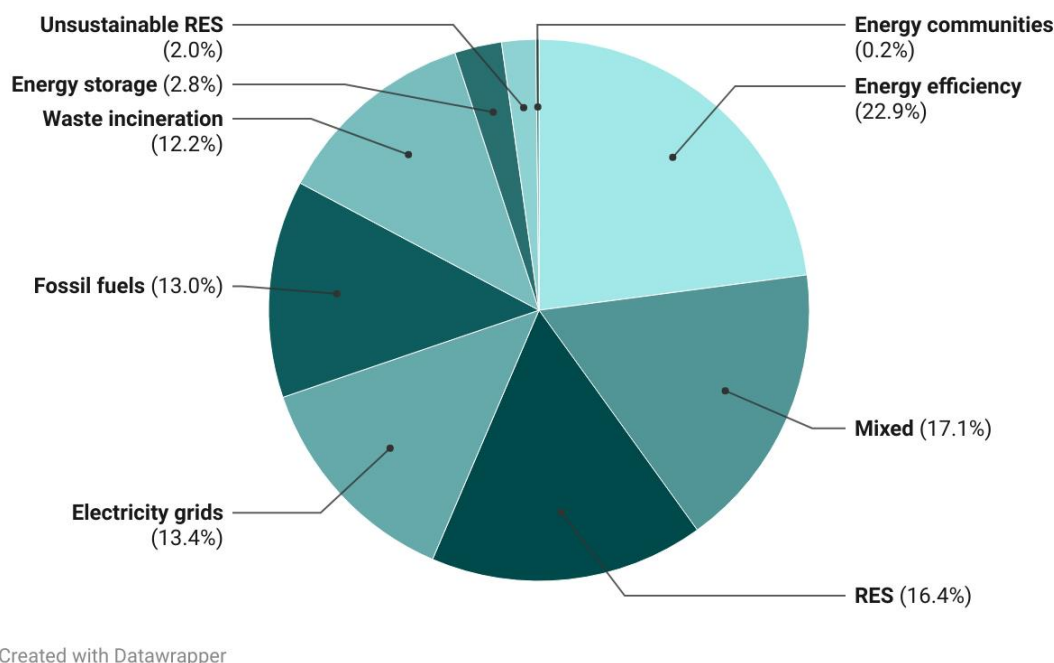


Figure 3: Breakdown of Modernisation Fund financing 2021 to 2024 by investment category share (according to Bankwatch categorisation)

Table 3: Breakdown of Modernisation Fund financing 2021 to 2024 by investment category (according to Bankwatch categorisation)

Classification (Bankwatch categorisation – see Annex 1)	Disbursed amount (in EUR)
Energy efficiency	3,538,243,412
Mixed	2,645,890,329
Renewable energy ²⁷	2,530,362,702
Electricity Grids	2,061,876,731
Fossil fuels	2,004,406,622
Waste incineration with energy recovery	1,883,018,642
Energy storage	434,168,571
Unsustainable renewables ²⁸	313,945,384
Energy Communities	28,571,429
Renewable hydrogen	7,500,000
Total	15,447,983,822

By the end of 2024, the European Commission had disbursed EUR 15.4 billion through the Modernisation Fund to support 215 schemes and projects across 11 beneficiary countries. According to Bankwatch’s classification of these investments, energy efficiency projects received the largest share—EUR 3.5 billion, or 23 per cent of total disbursements between 2021 and 2024. This was followed by renewable energy projects, primarily photovoltaics (either stand-alone or coupled with battery energy storage) and wind power, which received EUR 2.5 billion (16 per cent). Fossil fuel investments followed closely, receiving at least EUR 2 billion (13 per cent).

Financing for waste incineration and electricity grids also exceeded EUR 1 billion. Waste incineration with energy recovery, all in Czechia and Poland, received EUR 1.88 billion (12 per cent). Meanwhile, electricity grid investments (both transmission and distribution systems) in Bulgaria, Poland, and Romania accounted for EUR 2.1 billion (14 per cent).

Smaller amounts were allocated to other categories: energy storage projects received EUR 434 million (three per cent), and unsustainable renewable energy, mainly wood-burning heat and power plants, received EUR 319 million (two per cent).

Only Hungary and Poland have so far invested in energy communities, with three projects in Hungary receiving a total of EUR 28 million, while the amount allocated to energy communities in Poland remains

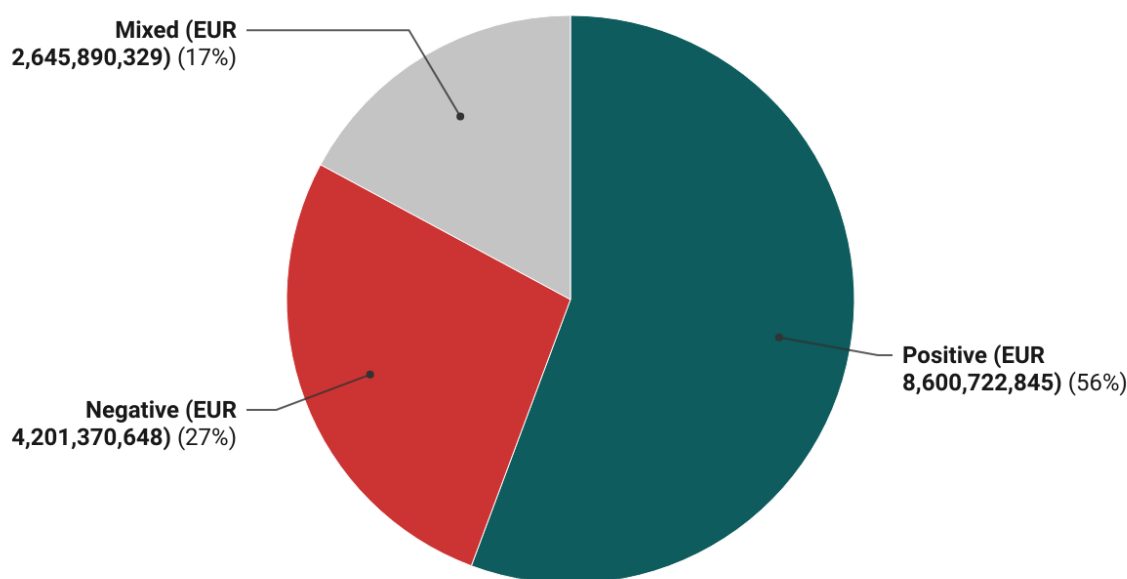
²⁷ Renewables category includes photovoltaics, on their own or supported together with battery storage, wind power, geothermal heat plants, solar thermal, and rehabilitation of hydropower plants.

²⁸ Unsustainable renewables category includes wood-burning combined heat and power plants and medium and large-scale biogas and biomethane production and power plants.

unclear. Hydrogen electrolyzers received marginal funding as well, with Czechia and Latvia together securing just EUR 7 million.²⁹ These categories remain negligible in the overall funding picture.

A further EUR 2.6 billion (17 per cent) was allocated to a ‘mixed’ category that includes 26 schemes. This classification reflects the current lack of transparency around the final technology choices within these schemes. These investments could ultimately support fossil fuels (12 schemes), unsustainable renewables (20 schemes, including biomass burning and new hydropower), and waste incineration (3 schemes), or a combination of these. Until national managing authorities allocate these funds,³⁰ it is impossible to assign them definitively to a single category. Therefore, we took a conservative approach by grouping them as ‘mixed’.

In total, confirmed funding for harmful technologies, namely fossil fuels (EUR 2 billion), waste incinerators (EUR 1.9 billion), and unsustainable renewables (EUR 319 million) already amounts to EUR 4.2 billion. If all or most of the schemes within the ‘mixed’ category ultimately support these types of investments, the total could reach up to EUR 6.8 billion. The reality is probably somewhere in between these two figures. In any case, both are too high and raise serious concerns about the Fund’s alignment with its stated decarbonization and sustainability goals.



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Figure 4: Simplified breakdown of Modernisation Fund financing 2021 to 2024 by investment category, according to Bankwatch categorisation.

²⁹ Financing support for these two investments may increase significantly, as both are part of the longer-term plans to develop renewable hydrogen capacity in these two countries.

³⁰ As some of the Commission’s disbursement decisions allow financial support for multiple technologies and fuel sources.

If we simplify our approach and group the above categories into favourable and harmful investments, leaving the ‘mixed’ category as it is, the results are dire. Notwithstanding the ‘mixed’ category, the results show that for every two euros spent on positive projects, one euro goes for harmful investments.

We considered the energy efficiency, renewables, grids, energy storage, energy communities and renewable hydrogen categories as favourable investments.³¹ Taken together they total EUR 8.6 billion or 56 per cent of the disbursements so far.

We considered the fossil fuels, unsustainable renewables and waste incineration with energy recovery categories as harmful. Together they amount to EUR 4.20 billion or 27 per cent of the Modernisation Fund disbursements so far. However, as mentioned above, the final amount going to harmful projects is even higher than estimated here due to the ‘mixed’ category. Considering the types of investments involved, most are likely to be harmful and could take the share of problematic projects up to 44 per cent.

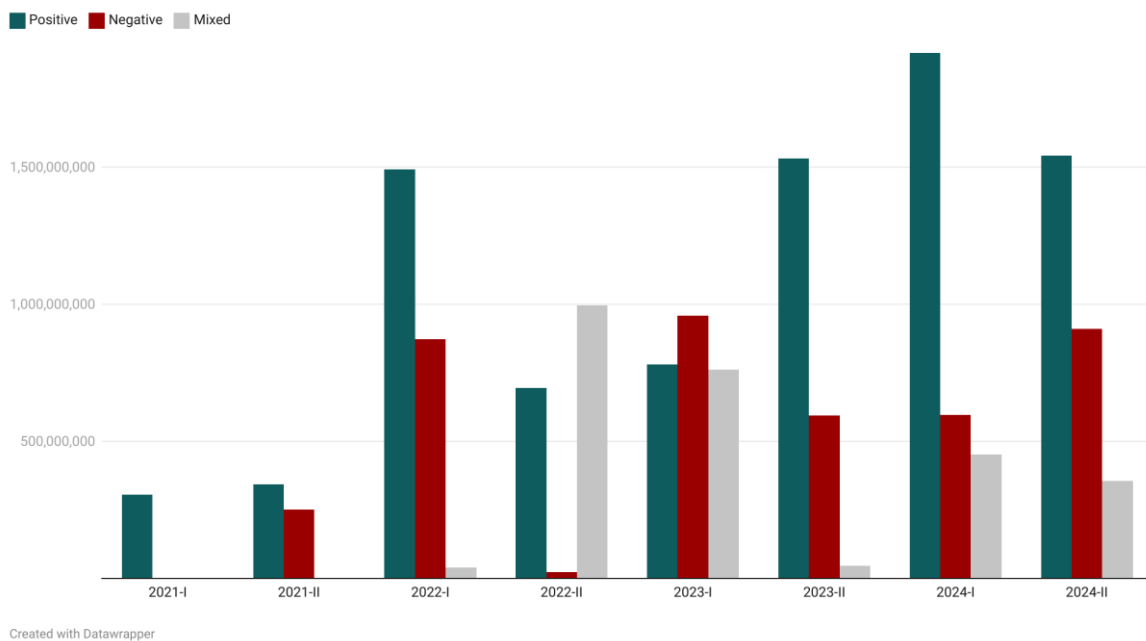
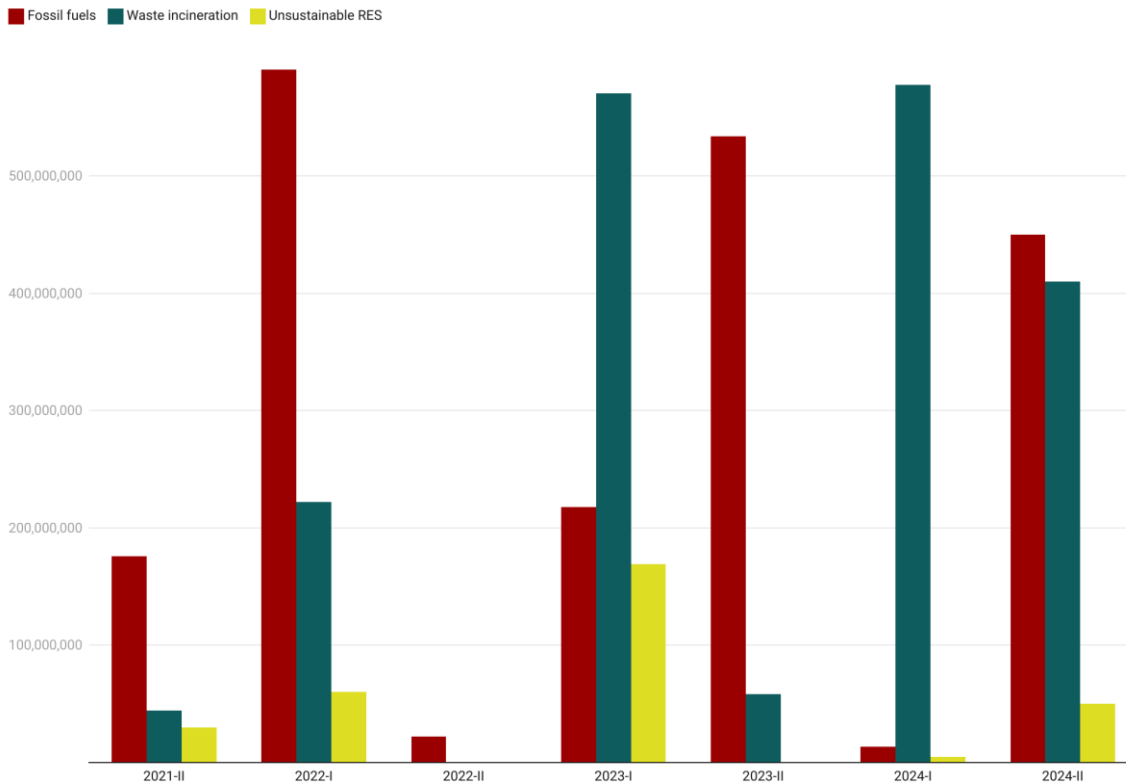


Figure 5: 2021 to 2024 trends by investment category (simplified Bankwatch categorisation)

Moreover, while favourable investments have been higher in recent disbursement rounds, there is no clear trend towards a reduction in harmful investments.

³¹ See Bankwatch methodology in Annex I, and the Modernisation Fund investment list in Annex II.

Harmful investments



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Figure 6: 2021 to 2024 trends in harmful investments

Looking at the trend from 2021 to 2024, the revision of the Modernisation Fund’s eligibility rules and priority areas, applying from the beginning of 2024, has done little to curb support for fossil fuels and waste incineration.

On the contrary, 2024 marked a record year for waste incineration support, with nearly EUR 1 billion (EUR 987 million) allocated to such investments. Fossil fuels also maintained a similar pace to previous years, receiving EUR 463 million in 2024. These figures are consistent with the levels of support these categories received annually between 2022 and 2024, suggesting that the recent revisions have yet to make a dent in the Fund's current trajectory.

Fossil Fuels

We identified 36 investments from the Modernisation Fund, totalling over EUR 2 billion, as supporting fossil fuels.

Direct fossil fuel financing was distributed across five countries: Czechia, Lithuania (one project), Poland, Romania, and Slovakia. This includes 19 projects and 17 schemes, with 26 classified as ‘priority investments’ and 10 as ‘non-priority’, according to the Modernisation Fund authorities.

All fossil fuel ‘priority investments’ were categorised under ‘improvement of energy efficiency’ (before 2024) and ‘reduction of overall energy use through energy efficiency’ (from 2024 onwards).

Of the 36 fossil fuel investments, five are related to fossil gas supply, including the one in Romania³² and electrification of the Klaipeda LNG terminal in Lithuania,³³ while 31 target fossil gas demand, in most cases creating new gas consumption.

Two major investments in gas-fired power generation plants were approved in Romania, Işalniţa (850 MW) and Turceni (475 MW), as part of the restructuring of the Oltenia coal complex. The rest of the funds in the fossil fuels category supported so-called 'high-efficiency cogeneration' schemes, mainly aimed at replacing existing coal and lignite-fired heat and power sources.

Within the fossil fuels category, Romania was the largest recipient with EUR 891 million (one large-scale scheme³⁴ and six projects); Czechia followed with EUR 861 million (eight schemes and twelve projects), Poland (five schemes) and Slovakia (three schemes) received EUR 160 million and EUR 85 million respectively, and Lithuania received EUR 6 million.

Interestingly, the only investment framed as supporting just transition regions, in Czechia, involves funding for fossil gas.³⁵

Table 4: Fossil fuel investments per country 2021 to 2024

Beneficiary	Disbursed amount (in EUR)
Czechia	861,792,308
Lithuania	6,000,000
Poland	160,160,000
Romania	891,454,314
Slovakia	85,000,000
Total	2,004,406,622

However, as explained above, this is likely not the full extent of fossil fuel financing, due to the 'mixed' category. Twelve 'mixed' schemes worth over EUR 810 million (six of them in Czechia) allow for fossil gas or a combination of fossil gas, biomass and waste incineration. It is likely that a share of this money will ultimately fund additional fossil fuel infrastructure, especially under the label of 'high-efficiency cogeneration'.

³² Black Sea-Podisor, Gherceşti-Jitaru, transmission pipeline to supply the Mintia power plant, and increasing the transmission capacity of SNT and the security of supply of the Işalniţa Electrocentrale Branch (Dolj county) and Turceni Electrocentrale Branch (Gorj county).

³³ Construction of shore-side electricity (SSE) infrastructure to provide grid electricity to the LNG terminal to meet its electricity needs, approved in 2024 (second round).

³⁴ Support for development of high-efficiency cogeneration capacities - in the district heating sector, approved in 2024 (second round).

³⁵ Scheme (Part A1): Modernisation of energy production priority investments of the Programme ENERG ETS, approved in 2021 (second round).

Waste incineration with energy recovery

This category includes 14 investments in waste incineration with energy recovery, totalling EUR 1.9 billion. These were made in just two countries. Poland received the largest share, with EUR 1.3 billion (all in the form of investment schemes), while Czechia received EUR 594 million (all individual projects).

All 14 investments were designated as ‘priority investments’ by the Modernisation Fund authorities. Before 2024, these projects fell under the priority area of ‘improvement of energy efficiency’, while from 2024 onwards they were classified under ‘reduction of overall energy use through energy efficiency’.

Unsustainable renewables

This category includes seven investments totalling EUR 319 million. The vast majority, six investments, are in Czechia, all of which support forest biomass for energy. The remaining investment is in Hungary and concerns the development of biogas and biomethane production facilities for electricity generation and heating and cooling.³⁶ Among these, three are investment schemes, all based in Czechia, while the rest are classified as individual projects.

Most of the investments in this category were designated as ‘priority investments’ by the Modernisation Fund authorities. Prior to 2024, they were categorised under ‘Generation and use of electricity from renewable sources; Improvement of energy efficiency’. Since 2024, they have fallen under ‘Generation and use of electricity from renewable sources, including renewable hydrogen’.

³⁶ In principle, small-scale biogas can make a positive contribution to local energy needs if based exclusively on agricultural residues or sewage sludge, but in these projects, this did not seem likely. Biomethane, on the other hand, is always energy intensive..

Favourable investments



Figure 7: 2021 to 2024 trends in favourable investments³⁷

Among the more favourable investment categories, energy efficiency has maintained some momentum throughout the Fund’s operation, except for the initial year, reaching EUR 1.13 billion in 2024 alone. Considering that energy efficiency improvements are the most effective way to reduce our energy consumption, especially in a region that performs extremely poorly on this front, and in buildings in particular,³⁸ the current figures remain underwhelming.

Electricity grid investments have shown a modest upward trend since the Fund’s second year, increasing from EUR 483 million in 2022 to EUR 687 million in 2024. Similarly to energy efficiency, the region is characterised by ageing electricity transmission and distribution infrastructure, with chronic underinvestment.³⁹ As this has been identified as one of the main bottlenecks, alongside regulatory barriers, to renewable energy deployment, and given the long timelines required to plan and build grid infrastructure, the low number of countries using funds for grids (three) and the figures presented are troubling.

In addition to the record-setting disbursements for waste incineration, 2024 also marked the highest annual allocation for both renewables and energy storage, with EUR 1.3 billion and EUR 318 million invested respectively. A positive trend within the renewables category is the growing support for smaller-scale installations targeting small and medium enterprises (SMEs) and households. For energy storage, total investments over the Fund’s four years of operation reached only EUR 434 million, with half of the six

³⁷ The graph does not include energy communities and renewable hydrogen as the amounts are too small to show.

³⁸ Mišík, M., Oravcová, V. & Vácnová, R., [Energy efficiency of buildings in Central and Eastern Europe: room for improvement](#), *Energy Efficiency* 17, article 32, 2024.

³⁹ Climate Action Network Europe, [Briefing: Future proofing central Eastern Europe’s grids](#), *CAN Europe*, 2024.

projects occurring in 2024 alone, suggesting a late shift toward supporting storage capacity, which is essential for scaling up intermittent renewable energy.

Energy efficiency

We identified 65 investments in the energy efficiency category, amounting to a total of EUR 3.7 billion disbursed across nine countries. Among the original Modernisation Fund beneficiaries, only Croatia has not accessed any funding for this category. The majority—63 out of 65 investments—were classified as ‘priority investments’, aligned with the Fund’s objectives of reducing overall energy use through energy efficiency or modernising energy networks. The two non-priority investments, both in Poland, were linked to the national ‘My Heating Programme’.

In total, the Fund supported 55 schemes and 10 projects in this category. The largest allocations went to the Fund’s biggest beneficiaries: Czechia (EUR 1.11 billion), Romania (EUR 1 billion), and Poland (EUR 569 million). They were followed by Estonia (EUR 237 million), Lithuania (EUR 232 million), and Slovakia (EUR 227 million). At the lower end of the scale, Bulgaria (EUR 69 million), Hungary (EUR 65 million), and Latvia (EUR 5 million) received more modest amounts. Notably, Estonia and Lithuania allocated the majority of their Modernisation Fund resources to this category.

Table 5: Overview of energy efficiency investments

Scheme/project type	Country
Building renovation	Czechia (5), Estonia (6), Lithuania (6), Poland (1) and Slovakia (2)
District heating and cooling infrastructure	Czechia (1), Hungary (3), Poland (1), Romania (3), Slovakia (3)
Industry modernisation	Czechia (2), Lithuania (2), Poland (2)
Grids (digitalisation of electricity transmission networks, roll-out of smart meters)	Bulgaria (3), Romania (1), Poland (2)
Heat pumps	Poland (2)
Transport (public transport modernisation, electric vehicle purchase incentives, charging infrastructure for heavy-duty transport)	Czechia (2), Estonia (5), Lithuania (2), Latvia (1), Poland (2) Romania (4)
Agriculture	Lithuania (3)
Public lighting	Czechia (1)

Renewables

The renewable energy category includes investments in photovoltaics, either stand-alone or combined with battery energy storage, as well as wind power, geothermal heat plants, solar thermal collector systems, and the rehabilitation of hydropower facilities.⁴⁰ We identified 37 investments in this category, with a total disbursed amount of EUR 2.5 billion across nine beneficiary countries: Czechia (9), Romania (13), Croatia (4), Hungary (4), Poland (4), Lithuania (2), Latvia (1), Slovenia (1), and Slovakia (1). Notably, Czechia (EUR 1.4 billion) and Romania (EUR 859 million) combined received 87 per cent of the total renewables funding.

Of the original Modernisation Fund beneficiaries, only Bulgaria and Estonia have not accessed any funding under this category. Sixteen investments combined renewables with energy storage components, while only three investments did not include support for photovoltaics.

Wind power was included in ten schemes.

All investments except one were designated as ‘priority investments’. The sole non-priority investment, in Poland, involved the conversion of fossil fuel-based heat-only generation plants to renewable sources, including geothermal, solar thermal, and large-scale heat pumps. Unlike other countries that focused on funding schemes, Romania primarily supported individual and large-scale projects under this category.

Grids

The grids category includes 18 investments totalling EUR 2.1 billion in disbursed funding. Only three countries accessed support for grid-related projects: Romania, Poland, and Bulgaria. Romania was by far the largest recipient, with 13 investments (three schemes and ten projects) amounting to EUR 1.6 billion, directed at the expansion and modernisation of its electricity transmission and distribution networks. Poland received EUR 247 million for three schemes focused on developing electric vehicle charging infrastructure. Bulgaria obtained EUR 192 million through two projects dedicated to grid modernisation. In addition to these dedicated investments, all three countries also supported grid-related improvements through measures categorized as energy efficiency, as detailed in the respective section above.

Energy Storage

This category comprises six investments totalling EUR 434 million in disbursed funding. Support was directed to five countries: Croatia, Hungary, Lithuania, Poland (two investments), and Romania.

Of these, five investments clearly targeted battery storage. For one scheme in Poland, however, the specific type of energy storage to be supported remains unspecified. All six investments were classified as ‘priority investments’ under the Fund’s eligibility framework. It is likely that some additional support may be directed towards energy storage via certain schemes from the renewables and energy community categories, depending on national allocation decisions.

⁴⁰ There was only one investment concerning hydropower rehabilitation. Retrofit and modernisation of the Micro Hydro Power Plant with an installed power of 9.9 MW within Turceni Thermal Power Plant Branch, Romania, approved in 2024 (first round).

Energy communities

Only two countries, Hungary and Poland, have requested funding for energy communities under the Modernisation Fund. In Hungary, three investments were made, with EUR 28 million disbursed for the establishment and operation of energy communities and independent aggregators. The amount allocated to energy communities in Poland, however, remains unspecified. All three Hungarian investments are structured as schemes and include components supporting renewable energy and energy storage. Despite the Fund's stated emphasis on decentralization and citizen participation, Member States' interest in this category remains minimal.

Renewable hydrogen

Two small investments in hydrogen production via electrolysis were supported: EUR 2.5 million in Lithuania and EUR 5 million in Czechia. Lithuania has signalled its intention to scale up green hydrogen production significantly, indicating an expected EUR 50 million in Modernisation Fund support for this investment. In Czechia, the investment is part of a larger scheme running from 2024 to 2029, but it remains unclear how much additional funding will be drawn from the Fund. The country aims to install approximately 214 MW of new electrolyzers by the end of the scheme, pointing to a potentially significant future expansion.

'Non-priority' investments

Non-priority investments have absorbed over EUR 1.1 billion, or 8 per cent of total disbursed Modernisation Fund support to date. These consisted of 16 investments, spread across Czechia (6), Lithuania (1), Poland (3) and Romania (6). Romania (EUR 529 million) and Czechia (EUR 430 million) were the biggest recipients.

The largest projects funded under this category were gas-fired power plants in Isalnita and Turceni in Romania. In total, 10 investments supported fossil gas, and 3 investments supported biomass. Interestingly, three schemes in Poland and one in Czechia supported heat pumps, though the Czech one also included biomass boilers and heaters, diluting their impact. The Polish schemes supporting heat pumps were apparently aimed at single-family homes, which at the time went against the Modernisation Fund's priorities, and therefore they received funding as non-priority investments.

The above reveals that the non-priority category is largely being used as a vehicle for harmful investments, particularly fossil gas and biomass. However, as outlined earlier, similarly problematic projects, besides gas pipelines, have also been approved under the so-called priority category. This effectively erodes the distinction between the two, reducing what should be an exception-based pathway into a second track for business-as-usual investments.

Conclusions

The Modernisation Fund was introduced to play a significant role in supporting the energy transition in lower-income EU Member States. However, our analysis of its disbursement decisions from 2021 to 2024 reveals its current results are shaky at best and raise several concerns regarding its alignment with EU climate, environment and energy goals. The Fund has disbursed at least EUR 4.2 billion or 27 per cent of the spending so far to investments which are clearly not aligned with its supposed aims. Depending on the national allocations, this may amount to as much as EUR 6.8 billion or 44 per cent of its spending so far, which should raise the alarm among both EU and national level managing authorities.

However, the Modernisation Fund's objectives and funding remain highly relevant, as lower-income Member States need support to leapfrog to clean technologies, and the Fund is one of the few dedicated funding instruments for their transition. Hypothetical relevance must nevertheless be matched by impactful implementation, which is currently undermined by misallocated funds (e.g., fossil fuels, waste incineration, biomass), and a lack of sufficient support for solutions whose effectiveness has already been proven at scale, like energy efficiency, grid upgrades, and energy storage, while decentralization of energy systems barely gets a look in.

The financing gap is likely to remain in most of the beneficiary Member States due to the costs of energy transition, constrained national budgets, limited borrowing capacity in many beneficiary countries and weak institutional capacity to plan and develop investments. Continued and even expanded support from the Modernisation Fund will be essential—provided the Fund is reformed to truly align with the EU's climate, environment and energy goals.

Continued support to fossil fuels, waste incineration and biomass burning: Despite the EU's long-term decarbonization commitments, fossil gas remains eligible under the Fund, receiving at least EUR 2 billion directly so far, with additional funding likely allocated through mixed-fuel schemes. This contradicts the EU's Green Deal and REPowerEU plan's ambitions and risks creating long-term fossil fuel lock-in or stranded assets at a time when the EU should be kicking the gas habit. This is especially worrisome as some of the countries with the highest share of fossil gas investments, such as Czechia and Slovakia, are those who are facing the greatest challenges in weaning themselves off Russian gas dependence.

The financing of waste incineration projects in Poland and Czechia (EUR 1.88 billion), raises concerns about the sustainability and circular economy alignment of the Fund. These investments may undermine waste reduction and recycling efforts. In addition, Czechia's intention to support biomass schemes and projects is worrisome.

Limited progress with grids, renewable energy and energy storage support: Only three countries accessed funds for grids (Bulgaria, Poland, Romania) totalling EUR 2 billion. While EUR 2.5 billion was allocated to renewables, only 16 per cent of total disbursed funds went to these projects, while two countries only, Czechia (EUR 1.4 billion) and Romania (EUR 859 million), together received 87 per cent of the total renewables funding. Only six investments were distributed, among five countries, in energy storage. Given the urgent need to scale up clean energy capacity in the region, the narrow distribution and relatively low share of investments in these categories is clearly insufficient.

A systemic approach to clean heat is missing: Instead, support appears in fragmented patches. While there have been notable investments in district heating networks, particularly in Hungary and Romania recently, most funding for heat sources still flows to fossil gas, waste incineration, and biomass. Truly future-proof technologies like geothermal heat, large-scale heat pumps, and solar thermal systems, where EU industry could really lead, remain largely absent from national portfolios. Even the few schemes that do support heat pumps often bundle them with polluting options, undermining their potential impact.

Almost zero interest in energy communities, and no funding for just transition: Only Hungary and Poland applied for energy community support, receiving EUR 28 million, and the sole investment referencing a just transition region, in Czechia, supports fossil gas. These figures reveal that the potential for energy communities and just transition remains largely underutilised by Member States. Despite that one of the explicit aims of the fund is to support just transition regions, there is little to no evidence to suggest it has done so. Policy and institutional support are urgently needed to scale up decentralised, innovative energy solutions.

Country-specific disparities: Romania and Czechia received disproportionately high funding for fossil fuel projects, while some countries (e.g. Croatia) have not yet accessed any funds for energy efficiency. This raises questions about countries' priorities and whether the Fund effectively targets the most impactful decarbonization efforts.

The distinction between **priority and non-priority investments** is useful in theory, as it helps direct funding toward strategic areas. However, in practice it hasn't prevented harmful investments like fossil gas, waste incineration and biomass from being funded as priority due to loosely interpreted eligibility criteria and weak emissions reductions requirements. Stricter screening of investments is needed to ensure they align with decarbonization goals, as claiming a (limited) reduction of GHG emissions compared to coal is insufficient. The distinction could be more effective if fossil fuels were explicitly excluded. Introducing a meaningful emissions reduction threshold would help close some of the loopholes.

However, many of the priority areas, such as renewable energy, grids, energy efficiency, renewable heating and cooling, energy networks and storage, are critical to climate action. Similarly, support to just transition in carbon-dependent regions is essential for fairness in the energy transition.

Recommendations

1. Phase out fossil gas, waste incineration and biomass financing. The EU must reassess the eligibility of these and introduce a clear roadmap for their elimination from the Modernisation Fund. The EU ETS revision process in 2026 may be too far away to rely on it for this change. Introducing a meaningful emissions reduction threshold requirement could prevent most of these investments from qualifying for financing, provided a robust emissions accounting methodology is used.

2. Increase support for grids, renewable energy, energy storage solutions. Funding should prioritize electrification, energy efficiency and storage solutions over fossil fuel-based energy systems. A higher percentage of the Fund should be dedicated to grid upgrades and energy storage investments to accelerate the clean energy transition. The EU should introduce technical assistance support to boost community energy projects and projects to alleviate energy poverty, ensuring greater citizen participation in the energy transition.

3. Revise the Modernisation Fund criteria to prioritise clean heating investments. The criteria must explicitly prioritise investments in future-proof heat technologies, such as large-scale heat pumps, geothermal and solar thermal systems, while excluding fossil gas, waste incineration, and biomass from eligibility under clean heat-related calls.

4. Provide policy and technical support to beneficiary Member States. The European Commission must step up its role in guiding and supporting beneficiary Member States, particularly when it comes to scaling up decentralised and community-led energy projects. Clear policy directions and institutional support are urgently needed to boost energy communities and ensure that clean investments reach just transition regions, as originally intended by the Fund. Moreover, Member States that have underutilised the Modernisation Fund, such as Croatia in the area of energy efficiency, should receive targeted technical assistance to unlock their potential and access available resources more effectively.

5. Make focused investments into renewable hydrogen. Resources allocated to renewable hydrogen must prioritise its production near to the point of consumption and its efficient use in 'hard-to-abate' sectors (mainly to replace the consumption of existing fossil-based hydrogen), and only when it is not possible to use direct electrification instead. Local public transport or passenger vehicles should not be seen as appropriate sectors for public support for hydrogen, and under no circumstances should funding be provided to develop the least efficient end-uses of hydrogen, such as heating and cooling.

Annex 1: Methodology

We downloaded the project list (215 investment proposals) from the Modernisation Fund website⁴¹ in .xlsx format and categorised them as explained below. Afterwards, our national experts in Czechia, Latvia, Hungary, Poland, Romania, and Slovakia, checked our investment classification.

If a project supports fossil fuel infrastructure, it is counted as **fossil fuels**. The fossil fuels category includes investments in gas transmission and distribution, gas power plants (including so-called high efficiency cogeneration plants running on gas), and liquefied fossil gas terminals (LNG).

The **energy efficiency** category was applied to demand-side investments such as heat pumps, building renovations, and smart meters; to grid projects which clearly contribute to decreasing consumption/losses; to some transport schemes, such as purchase of electrical vehicles (EV) and to construction or upgrade of charging infrastructure, and to some energy efficiency improvements within the agricultural sector.

Grids investments refer to electricity transmission and distribution grids. However, some of the investments that could be classified as 'grids' were included within the 'energy efficiency' category (e.g. charging infrastructure for EVs). We did not identify any grid projects that only serve a particular facility.

The **renewables** category includes photovoltaics, on their own or supported together with battery energy storage, wind power, geothermal heat plants, solar thermal plants, and rehabilitation of hydropower. While these projects may be unsustainable depending on their location, emissions (relevant for some geothermal projects), energy intensity or other associated impacts, we used a separate category called 'unsustainable renewables' for projects where this is much more likely to be the case, such as biomass power plants, biogas and biomethane projects.

Due to the size of the funding disbursed for **waste incineration with energy recovery**, we created a separate category for it. This category included heat and power plants that rely on waste as a fuel source.

Renewable hydrogen comprises investments concerning electrolyzers.

Energy storage in this case almost exclusively refers to battery storage.

Energy communities consist of investments into the establishment of and development of community-based energy projects.

The '**mixed**' category includes disbursed schemes that may support either fossil fuels, waste incinerators, unsustainable renewables, or some combination of these. In some cases, they include some 'positive' investments, but it is so far unclear what the share is of each supported technology within the scheme.

⁴¹ Modernisation Fund, [List of confirmed and recommended investment proposals](#), accessed 25 April 2025.

Annex 2: Modernisation Fund investments 2021 to 2024

Beneficiary	Title of the investment	Year and round	Disbursed amount in EUR	Classification (Bankwatch)
Bulgaria	Rolling out of smart meters, including necessary infrastructure, stage of the project for integration of advanced metering infrastructure	2023-I	30,000,000	EE
Bulgaria	Integration of Metering Data Management (MDM) System, part of Advanced Metering Infrastructure project	2023-I	9,000,000	EE
Bulgaria	Modernization and development of the information systems and physical infrastructure of a licensed distribution network operator with the purpose of accelerated electrification and decarbonization of energy consumption and production	2023-I	30,000,000	EE
Bulgaria	Modernisation, digital transformation and development of the information systems and physical infrastructure of the electricity distribution grid in South-Eastern Bulgaria to enable smart grids for accelerated electrification of transport, storage deployment, decarbonisation and decentralization of energy consumption and production in distribution grids	2023-I	127,573,716	Electricity Grids
Bulgaria	Bulgarian Grid REinforcement ENABLING Full-Fledged Clean Energy Rollout - GREENABLER	2024-I	65,240,773	Electricity Grids
Czechia	Scheme (Part A): Support for photovoltaic power plants with installed capacity up to 1 MW of the “RES+” Programme (New renewable energy sources)	2021-I	39,000,000	RES
Czechia	Scheme (Part B): Support for photovoltaic power plants with installed capacity above 1 MW of the “RES+” Programme (New renewable energy sources)	2021-I	163,000,000	RES

Czechia	Scheme (Part A): Modernisation of energy sources priority investments of the Programme “HEAT”	2021-II	30,000,000	Unsustainable RES
Czechia	Scheme (Part A): Support for photovoltaic power plants with installed capacity up to 1 MW of the “RES+” Programme (New renewable energy sources)	2021-II	58,000,000	RES
Czechia	EGT-transition to low-emission heat and power generation - Stage 1.	2023-II	307,762,161	FF
Czechia	Scheme (Part 1A): Modernization of energy sources to biomass without CHP; non-priority investments of the Programme “HEAT” (Modernization of thermal energy supply systems)	2022-I	50,000,000	Unsustainable RES
Czechia	Scheme (Part 2A): Modernisation of energy sources to biomass without CHP; non-priority investments of the Programme “ENERG ETS” (Improvement of energy efficiency and reductions of emissions of greenhouse gases in EU ETS industry)	2022-I	10,000,000	Unsustainable RES
Czechia	Scheme: Municipal PV - small municipalities; priority investment of the “RES+” Programme (New renewable energy sources)	2022-I	50,000,000	RES
Czechia	Scheme: Municipal PV – communal renewable energy; priority investment of the “RES+” Programme (New renewable energy sources)	2022-I	100,000,000	RES
Czechia	Scheme: Modernisation of public lighting; priority investment of the Programme “LIGHTPUB” (Modernization of public lighting systems)	2022-I	10,000,000	EE
Czechia	Scheme (Part B): Support for photovoltaic power plants with installed capacity above 1 MW of the “RES+” Programme (New renewable energy sources)	2022-I	150,000,000	RES

Czechia	Renewable Modernisation of Energy Sources for Residential Sector (HOUSEnerg Programme)	2022-II	300,000,000	Mixed
Czechia	Scheme (Part 1C): Modernization of energy sources to natural gas without CHP; non-priority investments of the Programme "HEAT" (Modernization of thermal energy supply systems)	2022-I	40,000,000	FF
Czechia	Scheme (Part 2C): Modernisation of energy sources to natural gas without CHP; non-priority investments of the Programme "ENERG ETS" (Improvement of energy efficiency and reductions of emissions of greenhouse gases in EU ETS industry)	2022-I	25,000,000	FF
Czechia	Replacement of a coal block with a gas source (STAGE I) - Opatovice	2023-I	64,255,276	FF
Czechia	Energy Efficiency and Energy Savings in houses and buildings for Residential Sector (HouseEnergy Programme)	2022-II	300,000,000	EE
Czechia	Improving energy efficiency in industrial production under the EU ETS	2022-II	200,000,000	Mixed
Czechia	Financial instrument for improving energy efficiency in business (ENERG Programme)	2022-II	20,000,000	Mixed
Czechia	P-2E: Scheme - Modernization of natural gas energy sources without CHP, ENERG ETS (CZ) Programme	2022-I	5,000,000	FF
Czechia	Modernization of the ŠKO-ENERGO heating plant	2023-I	89,376,476	Unsustainable RES
Czechia	Modernization of "Brno-North" Heat Source for Brno City Heat Energy Supply System	2023-I	79,568,908	Unsustainable RES
Czechia	Modernization of WtE plant of the SAKO Brno to increase processing capacity and operational efficiency	2023-I	116,780,718	Waste incineration
Czechia	Construction of WtE facility in the Mělník power plant location	2023-I	249,946,208	Waste incineration

Czechia	Scheme: Energy efficiency and savings in modernisation and development of pipelines in the district heating and cooling (DHC) - priority investment of the Programme "HEAT" (Modernization of thermal energy supply systems)	2023-I	100,000,000	EE
Czechia	The Construction of a steam-gas cycle PPC2 at The UE Komořany	2023-II	62,399,645	FF
Czechia	Waste to energy plant in Písek	2023-I	53,864,049	Waste incineration
Czechia	Replacement of a coal block with a gas source - STAGE III	2024-II	62,094,215	FF
Czechia	Waste-to-Energy Facility EVO – Komořany, Most	2023-I	105,586,266	Waste incineration
Czechia	Energy efficiency and energy savings in public buildings (ENERGov Programme)	2023-I	50,000,000	EE
Czechia	Energy efficiency and energy savings in new buildings for public sector (ENERGov Programme)	2023-I	50,000,000	EE
Czechia	The Construction of a steam-gas cycle PPC1 at The UE Komořany	2023-I	57,784,105	FF
Czechia	Scheme: Modernization of energy sources to natural gas with CHP; priority investment of the Programme "HEAT" (Modernization of thermal energy supply systems)	2022-I	50,000,000	FF
Czechia	Scheme: Modernization of energy sources to natural gas with CHP; priority investment of the Programme "HEAT" (Modernization of thermal energy supply systems)	2023-II	50,000,000	FF
Czechia	Replacement of a coal block with a gas source - STAGE II	2023-II	47,848,099	FF
Czechia	EVO Planá - Energie z odpadu Tábořska / WtE Planá	2023-II	58,441,401	Waste incineration

Czechia	Energy Efficiency and Energy Savings in houses and buildings for Residential Sector (HouseEnergy Programme)	2023-II	300,000,000	EE
Czechia	Scheme: Installation of photovoltaic power plants in households of the “RES+” Programme (New renewable energy sources)	2024-I	500,000,000	RES
Czechia	Scheme: Aid for installation of photovoltaic power plants to address self-consumption of energy (in enterprises) of the “RES+” Programme (New renewable energy sources)	2024-I	5,000,000	RES
Czechia	Scheme: Modernisation of public transport – electric and H2 passenger trains priority investments of the Programme “TRANSGov” (Modernization of public transport)	2024-I	5,000,000	EE
Czechia	Scheme: Modernisation of public transport – buses, trolley buses and tramways priority investments of the Programme “TRANSGov” (Modernization of public transport)	2024-I	5,000,000	EE
Czechia	Modernisation of nitric acid production	2024-I	60,211,773	EE
Czechia	Reduction of CO2 emissions during heat production	2024-I	5,000,000	Unsustainable RES
Czechia	New Polymerization Plant (NPP)	2024-I	5,000,000	EE
Czechia	Decarbonisation of the Karviná CHP Plant – part: Multi-fuel Boiler with Combined Heat and Power Generation and Gas-fired CHP Installation with Combined Heat and Power Generation	2024-I	5,000,000	Mixed
Czechia	Energy Efficiency and Energy Savings in houses and buildings for Residential Sector (HouseEnergy Programme)	2024-I	230,000,000	EE
Czechia	Modernisation of the Olomouc CHP Plant – Part: Multi-Fuel Boiler and Gas-fired CHP Unit	2024-I	5,000,000	Mixed
Czechia	Renewal of the heat and power plant Teplárna	2024-II	50,430,329	Mixed

Czechia	Strategy for a green city - ZEVO Vráto / ZEVO Vráto – České Budějovice	2024-II	5,000,000	Waste incineration
Czechia	ZEVO Opatovice/WtE Opatovice	2024-II	5,000,000	Waste incineration
Czechia	Scheme (Part A1): Modernisation of energy production priority investments of the Programme ENERG ETS	2021-II	30,000,000	FF
Czechia	Electrolytic production of renewable hydrogen of the “GREENGAS” Programme	2024-II	5,000,000	RES hydrogen
Czechia	Decarbonisation and Modernisation of the Ostrava Location	2024-II	5,000,000	Mixed
Czechia	Scheme: Installation of photovoltaic power plants in households of the “RES+” Programme (New renewable energy sources)	2024-II	300,000,000	RES
Czechia	Scheme: Modernisation of energy sources to natural gas with CHP; priority investments of the Programme “ENERG ETS” (Improvement of energy efficiency and reductions of emissions of greenhouse gases in EU ETS industry)	2022-I	20,000,000	FF
Czechia	Scheme: Modernisation of energy sources to natural gas with CHP; priority investments of the Programme “ENERG ETS” (Improvement of energy efficiency and reductions of emissions of greenhouse gases in EU ETS industry) (P-5 Modernization of natural gas energy sources with CHP)	2022-I	10,000,000	FF
Czechia	ALFAGEN – Modernisation of the melting and casting technology	2024-I	5,000,000	FF
Czechia	CV_PM 45 MW EPR, Prunéřov	2024-II	5,000,000	FF
Czechia	Renewal of the heat and power plant Energetika	2024-II	5,000,000	FF
Czechia	Replacement of a coal block with a gas source - STAGE IV	2024-II	5,000,000	FF

Czechia	New energy source NA7	2024-II	5,000,000	FF
Czechia	Construction of OV VP4 media preheating	2023-II	4,648,807	FF
Estonia	Programme for improvement of energy efficiency and renewable energy use in public sector buildings	2021-II	15,530,000	EE
Estonia	Energy-efficient low-emission public transport programme	2021-II	9,060,000	EE
Estonia	Programme for improvement of energy efficiency and renewable energy use in public sector buildings	2022-II	39,423,400	EE
Estonia	Energy-efficient low-emission public transport programme	2022-II	22,997,000	EE
Estonia	Programme for improvement of energy efficiency and renewable energy use in public sector buildings	2023-II	41,934,000	EE
Estonia	Energy-efficient low-emission public transport programme	2023-II	24,461,000	EE
Estonia	Programme for improvement of energy efficiency and renewable energy use in public sector buildings, Phase 2	2024-I	1,714,200	EE
Estonia	Programme for improvement of energy efficiency and renewable energy use in public sector buildings	2024-I	14,169,900	EE
Estonia	Energy-efficient low-emission public transport programme	2024-I	8,265,700	EE
Estonia	Programme for improvement of energy efficiency and renewable energy use in public sector buildings	2024-II	37,885,700	EE
Estonia	Energy-efficient low-emission public transport programme	2024-II	22,100,000	EE
Croatia	Energy efficiency improvement and generation of electricity from renewable sources of the Dilj production plants'	2021-II	2,158,738	RES

Croatia	State Aid Scheme to support the production of electricity from renewable energy sources from the Modernisation fund	2022-I	40,000,000	Mixed
Croatia	Energy efficiency improvement and high-efficiency cogeneration investments in the manufacturing industry	2022-II	40,000,000	Mixed
Croatia	GRID SCALE SMART ENERGY STORAGE	2022-II	19,800,000	Energy Storage
Croatia	State Aid Scheme to support the production of electricity from renewable energy sources from the Modernisation fund	2022-II	20,000,000	Mixed
Croatia	Energy efficiency improvement and high-efficiency cogeneration investments in the manufacturing industry	2023-I	40,000,000	Mixed
Croatia	State Aid Scheme to support the production of electricity from renewable energy sources from the Modernisation fund	2023-I	20,000,000	Mixed
Croatia	PV and energy storage for the public water service providers	2023-I	23,000,000	RES
Croatia	Investment in PV by public municipal waste service providers	2023-I	5,000,000	RES
Croatia	PV and energy storage for the public water services providers	2024-I	47,000,000	RES
Croatia	Investment in PV by public municipal waste service providers	2024-I	5,000,000	RES
Hungary	Development of Energy Communities	2021-I	11,428,571	Energy Communities
Hungary	The modernisation and development of renewable energy-based district heating systems	2021-II	14,285,714	EE
Hungary	Development of Energy Communities	2021-II	8,571,429	Energy Communities
Hungary	Energy efficiency improvements of district heating infrastructure	2022-I	22,857,143	EE

Hungary	Energy storage instalments for grid security	2022-I	51,428,571	Energy Storage
Hungary	Modernisation of district heating infrastructure	2024-I	28,571,428	EE
Hungary	The modernisation and development of renewable energy-based district heating systems	2024-I	39,700,000	Mixed
Hungary	Development of Energy Communities	2024-I	8,571,429	Energy Communities
Hungary	Support for renewable biogas and biomethane production	2024-II	50,000,000	Unsustainable RES
Hungary	Support for energy storage and renewable energy for businesses	2024-II	75,000,000	RES
Lithuania	Klaipėda LNG terminal electrification project	2024-II	6,000,000	FF
Lithuania	Increase in energy efficiency in agriculture	2021-II	8,000,000	EE
Lithuania	Renovation (modernisation) of public buildings owned by municipalities, increasing energy efficiency in them	2021-II	20,000,000	EE
Lithuania	Implementation of energy-efficient production technologies in EU-ETS manufacturing enterprises	2022-I	30,000,000	EE
Lithuania	Central government public buildings' renovation increasing energy efficiency	2022-I	27,500,000	EE
Lithuania	Development of green hydrogen production capacity	2022-I	2,500,000	RES hydrogen
Lithuania	Renewable energy development in EU-ETS manufacturing enterprises	2022-I	10,000,000	RES
Lithuania	Pure electric vehicle purchase incentive	2022-I	15,000,000	EE
Lithuania	Renovation (modernization) of multi-apartment buildings	2023-I	1,000,000	EE
Lithuania	Renewable energy development in EU-ETS manufacturing enterprises	2023-II	10,000,000	RES

Lithuania	Increase in energy efficiency in agriculture	2024-I	10,000,000	EE
Lithuania	Central government public buildings' renovation increasing energy efficiency II stage	2024-I	1,000,000	EE
Lithuania	Development of storage capacities to balance energy systems	2024-I	48,000,000	Energy Storage
Lithuania	Pure electric vehicle purchase incentive	2024-II	35,000,000	EE
Lithuania	Increase in energy efficiency in agriculture	2024-II	12,000,000	EE
Lithuania	Renovation of municipal public buildings to improve energy efficiency II	2024-II	5,000,000	EE
Lithuania	Renovation of Multi-Apartment Buildings II	2024-II	26,000,000	EE
Lithuania	Decarbonisation of industry through energy efficiency and substitution of polluting technologies with less polluting ones	2024-II	42,000,000	EE
Latvia	Energy efficiency in transport sector - support for introduction of electric vehicles and corresponding charging infrastructure	2023-I	5,000,000	EE
Latvia	Use of renewable energy sources in multi-apartment buildings, public buildings, and energy communities	2024-I	26,800,000	RES
Poland	Cogeneration for District Heating	2021-II	66,600,000	FF
Poland	Cogeneration for Energy and Industry	2021-II	44,440,000	FF
Poland	My heating	2021-II	22,222,222	EE
Poland	Cogeneration for Energy and Industry	2023-II	24,700,000	FF
Poland	Cogeneration for counties	2022-II	22,200,000	FF
Poland	Smart energy infrastructure	2021-I	44,000,000	EE
Poland	Renovation with a guarantee of savings	2021-I	25,000,000	EE
Poland	Development of the power grid for future electric car charging stations	2021-I	22,000,000	Electricity grids

Poland	Support for the use of storages and other devices for network stabilization - a scheme for DSOs	2021-II	44,440,000	Energy Storage
Poland	The use of alternative fuels for energy purposes	2021-II	44,400,000	Waste incineration
Poland	Digitisation of heating networks	2021-II	33,300,000	EE
Poland	RES - heat sources for district heating	2022-II	22,222,222	RES
Poland	The use of alternative fuels for energy purposes	2022-I	177,600,000	Waste incineration
Poland	Energy-intensive Industry – improving energy efficiency	2022-I	11,110,000	EE
Poland	Energy-intensive Industry – RES	2022-I	11,110,000	RES
Poland	The use of alternative fuels for energy purposes	2022-I	44,400,000	Waste incineration
Poland	Smart energy infrastructure	2022-II	178,000,000	EE
Poland	Energy for Rural Areas	2022-II	20,990,000	Mixed
Poland	Development of cogeneration based on municipal biogas	2022-II	44,440,000	Mixed
Poland	My heating	2022-II	111,111,111	EE
Poland	The use of alternative fuels for energy purposes	2023-I	44,400,000	Waste incineration
Poland	Cogeneration for Energy and Industry – sectors in energy transition	2023-II	44,570,000	Mixed
Poland	Development of the power grid for future electric car charging stations	2023-II	105,000,000	Electricity grids
Poland	Energy for Rural Areas	2024-I	66,660,000	Mixed
Poland	The use of alternative fuels for energy purposes	2024-I	178,000,000	Waste incineration
Poland	The use of alternative fuels for energy purposes	2024-I	399,600,000	Waste incineration

Poland	Support for the construction or upgrade of a publicly accessible recharging station for heavy-duty transport	2024-I	44,400,000	EE
Poland	My Wind Electric System	2024-I	8,880,000	RES
Poland	Development of electricity infrastructure for the development of electric vehicle charging stations. Part 2) Construction/expansion of power grids for the needs of publicly available high-power charging stations”	2024-II	120,500,000	Electricity grids
Poland	Electricity storage and related infrastructure to improve the stability of Polish electricity network.	2024-II	120,500,000	Energy storage
Poland	Energy for Rural Areas	2024-II	24,100,000	Mixed
Poland	Support for the purchase or leasing of zero-emission vehicles of the N2 and N3 categories	2024-II	50,000,000	EE
Poland	Development of cogeneration based on municipal biogas	2024-II	260,000,000	Mixed
Poland	Energy-intensive Industry – improving energy efficiency	2024-II	50,000,000	EE
Poland	Energy-intensive Industry – RES	2024-II	10,000,000	RES
Poland	The use of alternative fuels for energy purposes	2024-II	400,000,000	Waste incineration
Poland	Cogeneration for District Heating – Part II	2023-I	2,220,000	FF
Romania	Support for development of high-efficiency cogeneration capacities - in the district heating sector	2024-II	361,950,000	FF
Romania	Construction of a Natural Gas-Fired Combined Cycle Power Unit of approx. 850 MW at Isalnita	2022-I	253,125,302	FF
Romania	Construction of a Natural Gas-Fired Combined Cycle Power Unit of approx. 475 MW at Turceni	2022-I	167,504,815	FF
Romania	Gas Transmission Pipeline Black Sea-Podisor	2023-I	85,544,422	FF

Romania	Building a new 400 kV OHL double circuit Constanța Nord - Medgidia Sud (one circuit equipped)	2021-II	22,992,330	Electricity grids
Romania	Construction of a Photovoltaic Park on the Waste Pile Rovinari Est –Open Pit Mining Unit	2022-I	72,863,317	RES
Romania	Construction of a Photovoltaic Park on the Waste Pile Pinoasa Open Pit Mining Unit	2022-I	47,902,281	RES
Romania	Construction of a Photovoltaic Park on the Waste Pile Bohorelu – Jilt Open Pit Mining Unit	2022-I	12,933,740	RES
Romania	Construction of a Photovoltaic Park on the ash and slag closed deposits of SE Isalnita	2022-I	53,432,006	RES
Romania	Construction of a Photovoltaic Park on the ash and slag closed deposits of SE Rovinari	2022-I	51,187,936	RES
Romania	Construction of a Photovoltaic Park on the ash and slag closed deposits of SE Turceni	2022-I	70,407,657	RES
Romania	Construction of a Photovoltaic Park on the Inner Waste Pile within Tismana 1 – Rosia-Rovinari Open Pit Mining Unit	2022-I	80,084,542	RES
Romania	Construction of a Photovoltaic Park on the Inner Waste Pile Tismana 2 Rosia – Rovinari Open Pit Mining Unit	2022-I	80,750,467	RES
Romania	Building a new 400 kV OHL single circuit Gădălin – Suceava, including its interconnection to the National Power Transmission System	2022-I	101,208,938	Electricity grids
Romania	Internal Line between Reșița and Timișoara/Săcălaz (PCI 3.22.3.), consisting of new 400 kV OHL Reșița-Timișoara/Săcălaz and retrofit to 400 kV of 110/2020 kV Timișoara substation	2022-I	63,610,824	Electricity grids
Romania	Building the 400 kV OHL Timișoara/Săcălaz – Arad	2022-I	57,506,448	Electricity grids

Romania	Converting to 400 kV of the OHL Brazi Vest - Teleajen - Stâlpu	2022-I	51,067,426	Electricity grids
Romania	Pilot project - Refurbishment of the 220/110/20 kV Alba Iulia station - in digital concept station	2022-I	46,956,109	Electricity grids
Romania	Installation of two modern means of compensating reactive power in the 400/220/110/20 kV Sibiu Sud and 400/220/110/20 kV Bradu substations	2022-I	52,336,143	Electricity grids
Romania	Optimising the operation of the existing 400 kV OHL in NPS (SEN), used for interconnection and power output from Cernavodă nuclear power plant and the renewable-energy power plants in Dobrogea, by installing on-line monitoring systems (SMART GRID)	2022-I	10,475,032	Electricity grids
Romania	Digitalisation of Electricity Transmission Network in Romania by installing two on-line systems, for Metering and Data Management for measuring the electricity on the wholesale electricity market and for Monitoring the quality of electricity	2022-I	18,251,593	EE
Romania	Support for the expansion and modernisation of the electricity distribution network	2022-I	100,000,000	Electricity grids
Romania	Increasing the transmission capacity of SNT and the security of natural gas supply of the Işalnița Electrocentrale Branch (Dolj county) and the Turceni Electrocentrale Branch (Gorj county)	2024-I	8,464,480	FF
Romania	Gas transmission pipeline Ghercești-Jitaru (including power supply, cathodic protection and fibre optic)	2023-I	8,038,348	FF
Romania	Supporting investments in new production capacities of electricity produced from renewable sources - solar, wind and hydro for self-consumption	2023-I	250,000,000	Mixed

Romania	Supporting investments in new production capacities of electricity produced from renewable sources - solar, wind and hydro	2023-I	250,000,000	Mixed
Romania	Supporting investments in new production capacities of electricity produced from renewable sources – solar, wind and hydro for self-consumption for public institutions	2023-I	200,000,000	Mixed
Romania	Support for the modernisation /rehabilitation of the smart district heating network - Type B Projects which do not fall under the incidence of state aid	2023-I	190,000,000	EE
Romania	Support for the modernisation /rehabilitation of the smart district heating network - Type A Projects which fall under the incidence of state aid	2023-I	60,000,000	EE
Romania	Supporting investments in new renewable electricity (solar and wind) generation capacities for self-consumption of enterprises in the agricultural and food sectors	2023-I	100,000,000	RES
Romania	Gas Transmission Pipeline to supply Mintia Plant (covering other industrial and casnic consumers)	2023-II	6,826,947	FF
Romania	DigiTEL Green Pilot Project – Refurbishment of 220/110/20kV Mostistea in digital and low environmental impact substation concept	2023-II	48,340,734	Electricity grids
Romania	Support for the expansion and modernization of the electricity distribution network	2023-II	500,000,000	Electricity grids
Romania	Supporting the reduction of energy consumption through energy efficiency in the transport sector- sustainable rolling stock	2023-II	470,246,750	EE
Romania	Contract for Difference Support Scheme for the production of electricity from renewable sources onshore wind and solar photovoltaic energy	2024-I	5,000,000	RES

Romania	Support for the expansion and modernization of the electricity distribution network	2024-I	503,000,000	Electricity grids
Romania	Retrofit and modernisation of the Micro Hydro Power Plant with an installed power of 9.9 MW within Turceni Thermal Power Plant Branch	2024-I	5,107,281	RES
Romania	Supporting the reduction of energy consumption through energy efficiency in the transport sector- sustainable rolling stock for long distance train services	2024-I	61,281,633	EE
Romania	Supporting investments in new production capacities of electricity produced from renewable sources – solar, wind and hydro, for self-consumption for public institutions	2024-I	300,000,000	Mixed
Romania	Support for the modernisation /rehabilitation of the smart district heating network - Type B Projects which do not fall under the incidence of state aid	2024-I	148,812,407	EE
Romania	Pilot Project DigiTEL Power Lines of the Future – Converting the 400 kV OHL Isaccea – Tulcea Vest from single circuit to double circuit	2024-I	64,068,258	Electricity grids
Romania	Supporting investments in new production capacities of electricity produced from renewable sources for self-consumption for public institutions – part II	2024-II	160,000,000	RES
Romania	Supporting investments in new renewable energy generation capacity for self-consumption in airports	2024-II	70,000,000	RES
Romania	Supporting the reduction of energy consumption through energy efficiency in the transport sector- sustainable urban mobility	2024-II	6,200,000	EE
Romania	Electrification of Constanța - Mangalia, Rădulești - Giurgiu Nord and Chiajna - Jilava Railway lines	2024-II	61,670,738	EE

Romania	Supporting investments in new renewable electricity (solar and wind) generation capacities for self-consumption of enterprises in the agricultural and food sectors	2024-II	50,000,000	RES
Romania	Supporting investments in the development of electricity storage capacities (batteries)	2024-II	150,000,000	Energy Storage
Slovenia	Scheme RES (Part A): Production of electricity from renewable energy sources – solar and wind	2024-II	29,522,515	RES
Slovakia	State Aid Scheme to support the investments to modernise energy systems, including energy storage and energy efficiency improvement from the Modernisation Fund: high-efficiency cogenerations	2021-II	35,000,000	FF
Slovakia	State Aid Scheme to support the investments to modernise energy systems, including energy storage and energy efficiency improvement from the Modernisation Fund: high-efficiency cogenerations	2023-II	30,000,000	FF
Slovakia	State Aid Scheme to support the investments to modernise energy systems, including energy storage and energy efficiency improvement from the Modernisation Fund: high-efficiency cogenerations	2022-I	20,000,000	FF
Slovakia	State Aid Scheme to support the production of electricity from renewable energy sources from the Modernization Fund	2021-II	20,000,000	RES
Slovakia	State aid scheme to support the investments to modernise energy systems, including energy storage and energy efficiency improvement from the Modernisation Fund – DHC	2021-II	65,000,000	EE
Slovakia	State aid scheme to support the investments to modernise energy systems, including energy storage and energy efficiency improvement from the Modernisation Fund - DHC	2022-I	29,500,000	EE

Slovakia	State aid scheme for the decarbonisation of industry from the Modernization fund	2022-II	350,000,000	Mixed
Slovakia	State aid scheme to support the investments to modernise energy systems, including energy storage and energy efficiency improvement from the Modernisation Fund – DHC	2023-II	30,000,000	EE
Slovakia	Scheme of state aid from the Modernization Fund resources to support investments for the production of heat and/or cold from renewable energy sources, the production of renewable hydrogen and highly efficient cogeneration	2024-I	35,000,000	Mixed
Slovakia	Scheme of state aid from the Modernization Fund resources to support investments for the production of energy from renewable energy sources, the production of renewable hydrogen and highly efficient cogeneration	2024-II	15,000,000	Mixed
Slovakia	Investment support of increasing the energy efficiency of existing public buildings	2024-II	10,000,000	EE
Slovakia	Increasing energy efficiency and reducing greenhouse gas emissions in households of low-income groups	2024-II	93,170,000	EE